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SIPDIS

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SUBJECT: JORDAN TOURISM TAKES ANOTHER SHORT-TERM HIT

11. (sbu) SUMMARY. The war in Iraq was a new blow to the Jordanian tourism industry, which was already reeling from the fallout of the Intifada and September 11. With the war's impact reflected in cancellations that began in January, the Jordanian tourist industry has basically written off the rest of 2003. They are looking increasingly to developing tourism within the region and are seeking large scale government financial assistance. Tourism promoters and hoteliers are full of big ideas for developing Jordan's excellent tourism potential, but they bemoan what they see as a lack of interest by the government. End Summary.

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Tourism Board: Cancellations Began in January  
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12. (sbu) Jordan Tourism Board (JTB) Executive Director Marwan Khoury told econoff April 20 that the effects of the war in Iraq started being felt in Jordan's tourism sector in January, when uncertainty over the timing of the war led to a reduction in air travel and a cancellation in bookings. By March, he said, virtually no foreign visitors were in the country other than journalists and aid officials. Since nearly all of these stayed in "five star" hotels in Amman, these hotels have been able to hang on, but the rest have been critically impacted by the loss of visitor traffic. Apart from occasional weekend travel by Jordanians to the Dead Sea and Aqaba, tourist spots throughout Jordan have seen "zero" travelers, with Petra hit particularly hard. Several smaller hotels in Petra have closed, at least temporarily, as has the five star Movenpick Nabatean Castle Hotel. An unknown number of tour guides throughout the country have lost work, and a few shops and stalls in Petra have also closed or gone out of business. The direct contribution of tourism to GDP, which at one time was as high as 12%, has dropped to 8.5% or lower, Khoury said. The indirect losses are much higher, he thought.

13. (sbu) Khoury said the JTB is continuing efforts begun last year to shift its focus to working aggressively on developing tourism from within the region. (USAID has been helping JTB redesign its strategy.) He said this focus was a bit successful, as Jordan had drawn tourists from Lebanon and the Gulf, and had seen an increase in tourism the last three months of 2002 over the same period in 2001. He said this campaign will continue, with regional efforts directed toward developing summer camps in conjunction with the Jordanian Hotel Association, and will have brochures promoting the camps ready for distribution throughout the Gulf very soon. He said he had another idea: to turn the busy commercial area of Sweifieh in Amman into a pedestrian-only shopping area, with cafes, outdoor music, etc. He said he had received a positive response to this idea from the Ministry of Tourism, but nothing from the Amman municipality.

14. (sbu) In terms of seeking new markets outside the region, Khoury said that JTB had opened a new office in Russia, as that country had recently been added to the list of countries whose citizens are able to obtain entry visas at the Amman airport. He is planning to attend a trade show in Moscow in May. He added that the JTB is planning to do a market research study on the Eastern European market.

15. (sbu) When asked about contacts with Israeli tourism officials and/or entities, he said he used to have "a quite fruitful" relationship with the GOI Ministry of Tourism, but said that "ever since Likud came to power" there has been no cooperation despite attempts by the JTB to initiate dialogue. Regarding possible links with Iraq, Khoury said he was looking forward to establishing some kind of relationship once a formal tourism entity was established. He said that to the best of his knowledge, Iraq had no tourist board or ministry in recent memory, because "they never believed in tourism."

16. (sbu) Khoury closed by saying that the lifting of the U.S. and other travel advisories for Jordan would be key to spurring the return of U.S. and European visitors. He noted that the Netherlands and the UK had lifted their travel advisories (note: they still have public notices advising vigilance and, in the case of the UK a stiff warning on the possibility of terrorism.)

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17. (sbu) Michael Nazzal, President of the Jordan Hotel Association, echoed Khoury's view regarding the travel warning. He said the removal of the warning would have a great effect, because people would see it "crawling across their tv screens as they watch CNN" and would think that it was safe to come to Jordan. Nazzal said hotels have more or less "written off" European tourists for the year. He said instead they'll focus on the summer camp program in which children from the region will stay at a camp, similar to Boy Scout camps, he said, but with an Islamic twist. The kids' families, of course, will stay in the hotels at a reduced rate. Brochures advertising the camps will be ready by May 1.

18. (sbu) Nazzal expressed consternation at Jordan's inability, as a country, to sell itself internationally as a tourist destination. He said that if one looks at Lebanon, for example, even regionally, on LBC and other Arab satellite networks, one "sees a beautiful country, with a vibrant, exciting capital." Nazzal said that one wouldn't see that sort of thing on Jordanian TV, because it's "too weak" and not interested in promoting Jordan. He added that the Ministry of Tourism did not have "a quality staff that was up to the job" of helping the JHA and others.

10. (sbu) As to the compensation arrangement the JHA has worked out with the government, Nazzal said it's based on a formula that projects average revenue based on room occupancy rates. Actual revenue is subtracted from this figure, and the government makes up the difference. Nazzal was not sure how the government was applying this approach to non-hotel tourism providers who are suffering as well.

12. (sbu) Nazzal came back to the idea he previously shared regarding his proposal to turn Petra into a Davos-type resort focused on fashion and the arts. He has drawn up a proposal for this "Petra Club," and has forwarded it to the MOT, where he's sure it will languish. Nonetheless, it is an interesting proposal, one that would bring artists from all over the country to live and work in Petra. For the fashion piece, it includes the construction of a convention center with goal to hosting annual fashion shows, seminars, and the like.

BERRY